

Message Text

UNCLASSIFIED POSS DUPE

PAGE 01 KINGST 00799 241948Z

12

ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 TRSE-00 L-03 H-02

/027 W

----- 112676

R 241730Z FEB 76

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 289

UNCLAS KINGSTON 0799

FOR EXIMBANK

E.O. 11652: N/A

TAGS: EINV, JM

SUBJECT: GOJ APPROVES GUARANTEE OF LOANS TO BUY SHARES OF
JAMAICAN TELEPHONE COMPANY

REF: 75 KINGSTON 3655 AND PREVIOUS

1. ON FEBRUARY 11, JAMAICAN HOUSE OF REPRESENTATIVES (HR)
APPROVED GUARANTEE OF LOANS AMOUNTING TO \$20.805 MILLION FOR
GOJ'S ACQUISITION OF MAJORITY SHAREHOLDING IN JAMAICA TELEPHONE
COMPANY. RESOLUTION FOR THIS ACTION MOVED BY SYDNEY PAGON,
MINISTER OF WORKS AND COMMUNICATION ON BEHALF OF MINISTER
OF FINANCE DAVID COORE.

2. PAGON REMINDED HR OF GOJ'S DECISION ON SEPTEMBER 15, 1975
TO PURCHASE 30,759,308 JTC SHARES OWNED BY CONTINENTAL
TELEPHONE CORP. AND ITS SUBSIDIARY, CONTINENTAL TELEPHONE
INTERNATIONAL FINANCE CORP. ACQUISITION WAS TO BE MADE FOR
SUM OF J\$28 1/4 MILLION (REPORTED IN REFTEL AS US\$31,075,000).

3. WITH 10 PERCENT ALREADY OWNED BY GOJ, PURCHASE WILL
BRING ANOTHER 68 PERCENT OF COMPANY'S SHARES OR 78 PERCENT
TOTAL SHARES UNDER GOJ OWNERSHIP. 68 PERCENT ACQUISITION
WILL BE FINANCED BY 15-YEAR PROMISSORY NOTE COVERING J\$28 1/4
MILLION, REPAYMENT OF WHICH WOULD BE MADE IN 26 EQUAL SEMI-
ANNUAL INSTALMENTS STARTING 30 MONTHS AFTER DATE OF NOTE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 KINGST 00799 241948Z

NOTE WILL BEAR INTEREST AT 8 7/8 PERCENT ANNUM FOR FIRST
12 YEARS AND 9 PERCENT PER ANNUM FOR FOLLOWING THREE YEARS,

PAYABLE SEMI-ANNUALLY.

4. PAGON SAID GOJ HAD MADE OFFER TO MINORITY SHAREHOLDERS HOLDING 22 PERCENT OF COMPANY'S SHARES TO PURCHASE THEIR SHARES ON SAME BASIS IT WAS ACQUIRING CTC'S SHARES. NOTE: JTC SPOKESMAN INFORMED EMBOFF GOJ'S OFFER WILL BE MADE ON FEBRUARY 27 AND WILL REMAIN OPEN FOR CONSIDERATION BY MINORITY STOCKHOLDERS UNTIL APRIL 30, 1976.

5. THE MINISTER STATED BOOK VALUE OF SHARES WAS 77.5 CENTS PER SHARE AFTER JULY 31, 1975, THE VALUE OF WHICH FORMED BASIS OF NEGOTIATIONS. HAD ACQUISITION BEEN THROUGH CASH, COST OF SHARES WOULD HAVE BEEN 91.8 CENTS EACH. ACCORDING TO PAGON, WHEN GOJ DISCOUNTED VALUE OF PAYMENT FOR 68 PER CENT SHARE ACQUISITION OVER PERIOD OF LOAN AT RATE OF 11 PER CENT YEAR, WHICH IS RATE AT WHICH GOJ BORROWS VIA LOCALLY REGISTERED STOCK, SHARE VALUE WORKS OUT AT 73.5 CENTS EACH. THE MINISTER NOTED THEREFORE DISCOUNTED PRESENT VALUE OF SHARES (73.5 CENTS) AT GOING BORROWING RATE FOR GOJ IS LOWER THAN BOOK VALUE OF SHARES AT 31ST JULY, 1975.
DORRANCE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TELEPHONES, BUSINESS FIRMS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KINGST00799
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760070-0268
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760220/aaaaarbj.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 KINGSTON 3655
Review Action: RELEASED, APPROVED
Review Authority: castelsl
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUL 2004 by schwenja>; APPROVED <26 AUG 2004 by castelsl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOJ APPROVES GUARANTEE OF LOANS TO BUY SHARES OF JAMAICAN TELEPHONE COMPANY
TAGS: EINV, ETEL, JM, JAMAICA TELEPHONE CO, CONTINENTAL TELEPHONE CORP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006